

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7334**

**BILL NUMBER:** SB 303

**NOTE PREPARED:** Jan 8, 2007

**BILL AMENDED:**

**SUBJECT:** Assessment of damaged residences.

**FIRST AUTHOR:** Sen. Mrvan

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill establishes qualifications and procedures for property tax relief for damage caused by a disaster. It also repeals current provisions concerning disaster relief.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** The Department of Local Government Finance will have additional administrative expenses associated with verifying property affected by a disaster. See *Explanation of Local Revenues*, below.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, a taxpayer may petition the Department of Local Government Finance (DLGF) to order a reassessment of destroyed property if a substantial amount of real and personal property is destroyed during a disaster. The current statute is unclear as to the effective date of any tax relief. The statute specifies that the reassessment is effective on the date of the disaster making any tax relief effective on the next March 1st assessment date with taxes paid in the year following that assessment date. However, the law also alludes to taxes that are due or have already been paid. The statute is currently being administered in such a way that the reassessment is effective on the date of the disaster. The reduction of assessed value causes a tax shift from the disaster victims to all taxpayers.

This bill provides timetables for required actions and specifies that the tax relief is immediate. Under the bill, a taxpayer would have 60 days to petition the DLGF for a declaration that a disaster has occurred and for a

reduction of property taxes. The DLGF would be required to immediately survey the area and determine if a disaster took place and the date of the disaster. If the DLGF determines that a disaster has occurred, the Department would send all petitions to the township assessor who would then determine the percentage of damage for each of the properties contained in the petitions. The taxpayers would receive a credit against their next two semi-annual tax installments in the amount of the tax due multiplied by the destruction percentage.

If the disaster occurs between the November and May property tax due dates, the credit would be applied to the upcoming May and November installments. If the disaster occurs between the May and November property tax due dates, the credit would be applied to the November and following May installments.

Credits against property taxes that are not otherwise funded would reduce property tax revenue to local civil taxing units and school corporations. The actual amount of these credits would not be known until after disaster strikes. The total credit amount in a year would depend on the frequency, type, severity, and the location of disasters. The bill would be first effective with property taxes payable in 2007.

For purposes of this bill, a disaster means an occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or manmade cause, including but not limited to fire, flood, earthquake, wind, storm, wave action, oil spill, other water contamination requiring emergency action to avert danger or damage, air contamination, drought, explosion, riot, or hostile military or paramilitary action.

The state has had 25 major disaster/emergency declarations by the President of the United States since 1990. Additionally, the state averages about two or three emergency/disaster situations annually that are not of sufficient magnitude to receive federal assistance. The bill does not specify any minimum magnitude in order to qualify for credits.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** County auditors, assessors.

**Information Sources:** Pam Bright, Indiana Department of Homeland Security, 317-232-6632.

**Fiscal Analyst:** David Lusan, 317-232-9592.